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3 May 1960

MEMORANDUM FOR THE DIRECTOR

SUBJECT: SNIE 65-60: The Short-Term Outlook in Indonesia

1. This estimate was requested by the Department of State which asked that it be done on a crash basis for the 3 May USIB meeting.

2. The paper has a short introductory section which highlights the current political and economic confusion in Indonesia and the increasing tension among the country's three major political forces, the Army, the Communists, and Sukarno. Section two points out that public discontent is increasing as a result of economic hardship and the lack of constructive government countermeasures and that the Communists are in the best position to capitalize on the situation. Section three analyzes Army assets and risks for a coup effort and highlights certain recent developments which seem to point toward a possible Army initiative. We conclude that the odds favoring a coup attempt by Nasution have probably gone up as a result of these developments, but that the chances are still less than even that a coup will take place.

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3. The only known reservation is that of Army (paragraphs 2 a and 21). The Army representative would lower the chances of an Army coup to unlikely.

FOR THE BOARD OF NATIONAL ESTIMATES:

ABBOT SMITH
Acting Chairman

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